



GTCMHIC RETREAT

Education Retreat of the:

Greater Tompkins County Municipal

Health Insurance Consortium

Developing Health Insurance Premiums

May 10, 2016



PART I

Welcome and Introduction

Don Barber, Executive Director GTCMHIC

Welcome

On behalf of the Greater Tompkins County Municipal Health Insurance Consortium we welcome you to the 2016 Educational Retreat. We thank you for taking the time out of your busy schedules to join us for a day of learning and collaborating with the objective of increasing everyone's knowledge base to make the Consortium even more successful for many years to come.



GTCMHIC Retreat Agenda

- ❖ Welcome & Introductions
- ❖ Background & Update
- ❖ Health Insurance Premium Basics
- ❖ Health Insurance Premium Tiers
- ❖ Premium Rate Differentials
- ❖ Plan Changes Impact on Premium
- ❖ Mandatory Benefits
- ❖ ACA Metal Level Plans
- ❖ Wellness Programs
- ❖ Summation and Questions & Answer Session



Introductions

- ❖ Today's Presenters and Experts
 - ❖ Don Barber, Executive Director GTCMHIC
 - ❖ Steve Locey, Locey & Cahill, LLC
 - ❖ Beth Miller, Excellus BCBS
 - ❖ Meghan Feeley, ProAct, Inc.
- ❖ Participants in Attendance
- ❖ Acknowledgements





PART II

GTCMHIC Background & Update

Don Barber, Executive Director GTCMHIC

Article 47 of the NYS Ins. Law

- ❖ Allows Municipalities who Employ <50 Employees to Pool with Municipalities who Employ 50 or more Employees.
- ❖ Regulatory Requirements Include, But are not Limited to:
 - ❖ Adoption of a Municipal Cooperative Agreement
 - ❖ Establishment of Financial Reserves to Cover Liabilities
 - ❖ Creating a Role for Labor in the Governance Structure
 - ❖ Joint Committee on Plan Structure and Design
 - ❖ Voting Seats on the GTCMHIC Board of Directors
 - ❖ NYS DFS Reporting and Oversight

GTCMHIC Certificate of Authority was Issued on 10/01/2010

GTCMHIC Operations Began on 01/01/2011

GTCMHIC Update

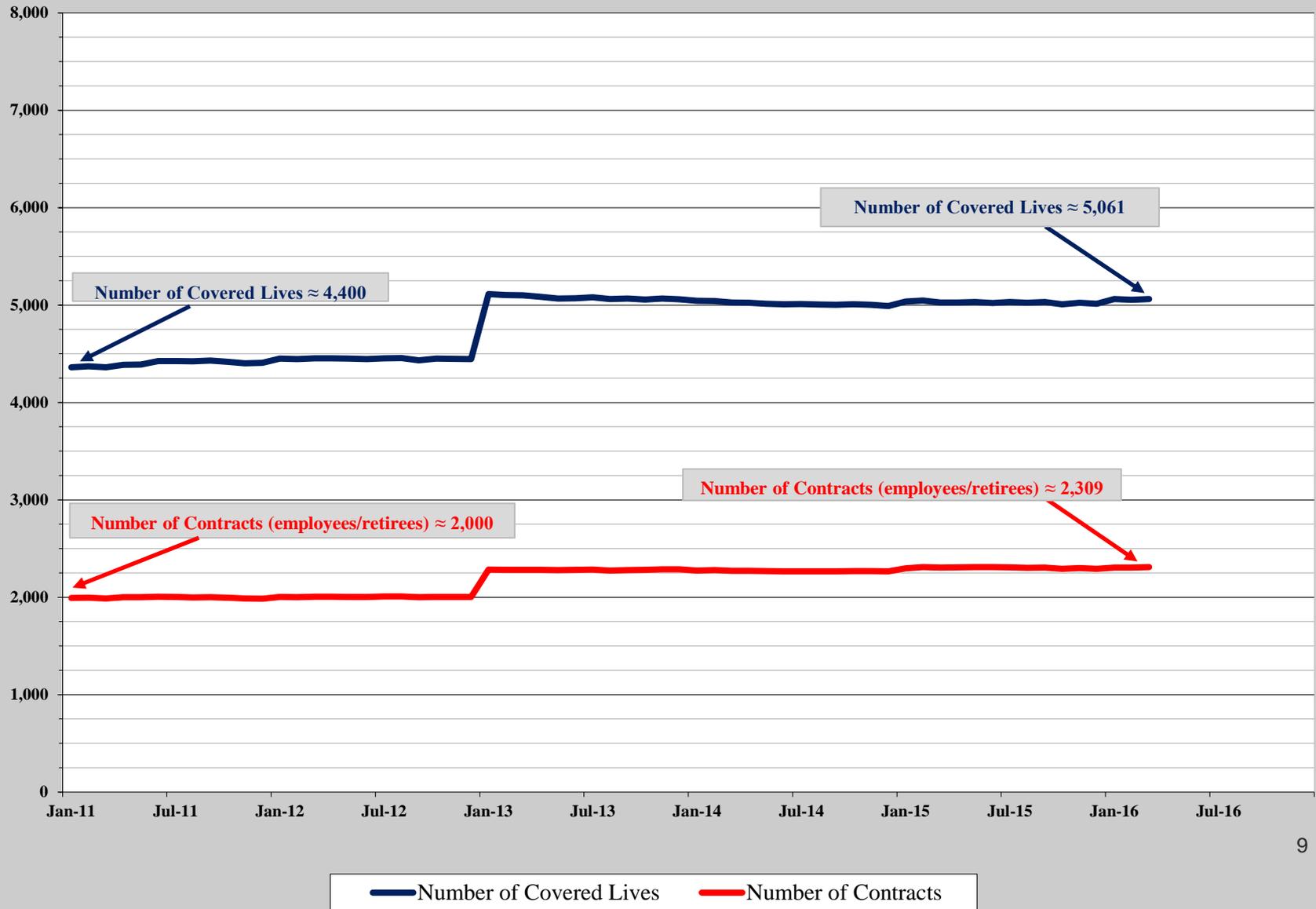
Our List of Municipal Partners

- ❖ City of Cortland
- ❖ City of Ithaca
- ❖ County of Tompkins
- ❖ Town of Caroline
- ❖ Town of Danby
- ❖ Town of Dryden
- ❖ Town of Enfield
- ❖ Town of Groton
- ❖ Town of Ithaca
- ❖ Town of Lansing
- ❖ Town of Marathon
- ❖ Town of Truxton
- ❖ Town of Ulysses
- ❖ Town of Virgil
- ❖ Town of Willett
- ❖ Village of Cayuga Heights
- ❖ Village of Dryden
- ❖ Village of Groton
- ❖ Village of Homer
- ❖ Village of Trumansburg ⁸

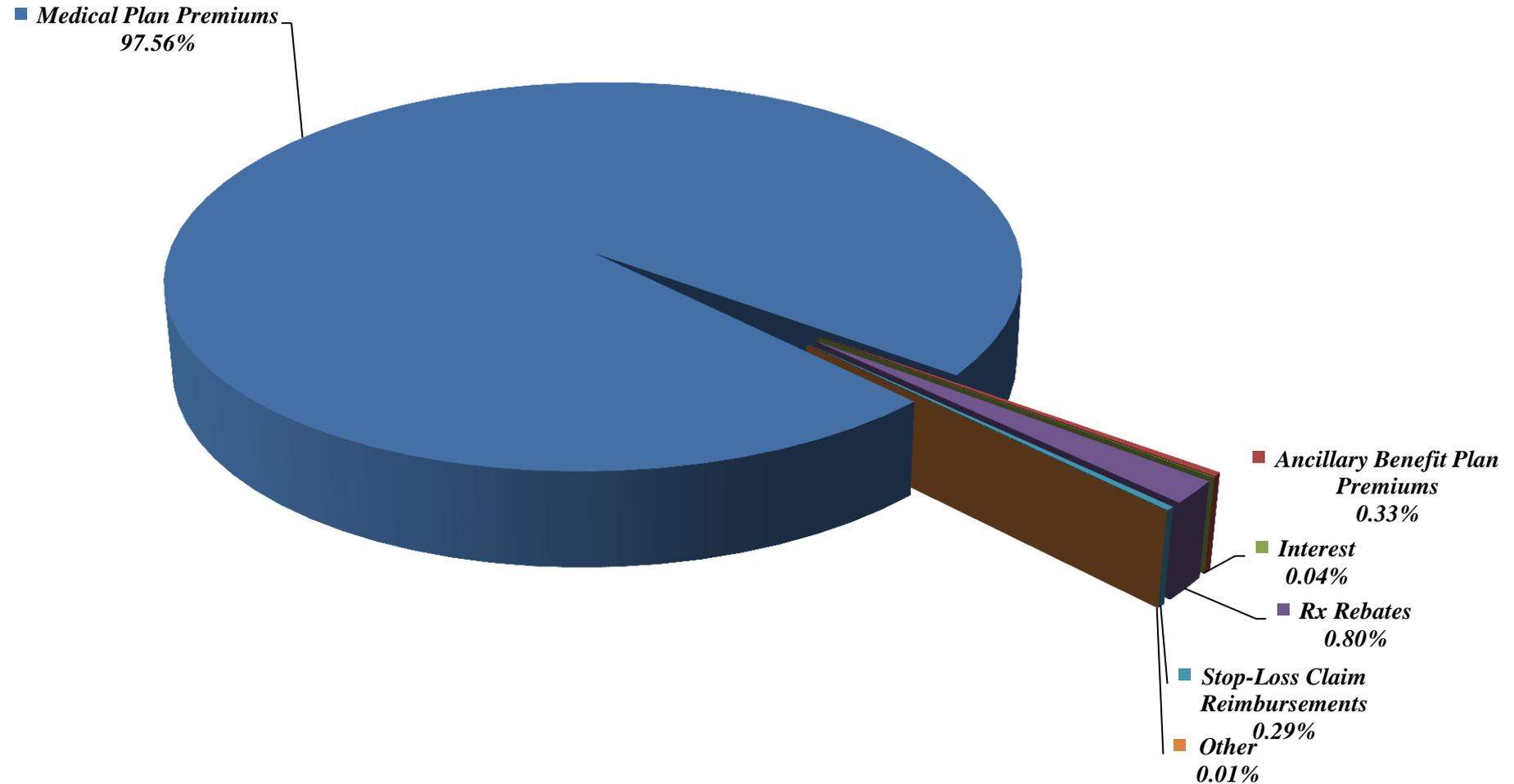
Greater Tompkins County Municipal Health Ins Consortium

2011-2015 Monthly Covered Lives and Contracts

January 1, 2011 to March 31, 2016



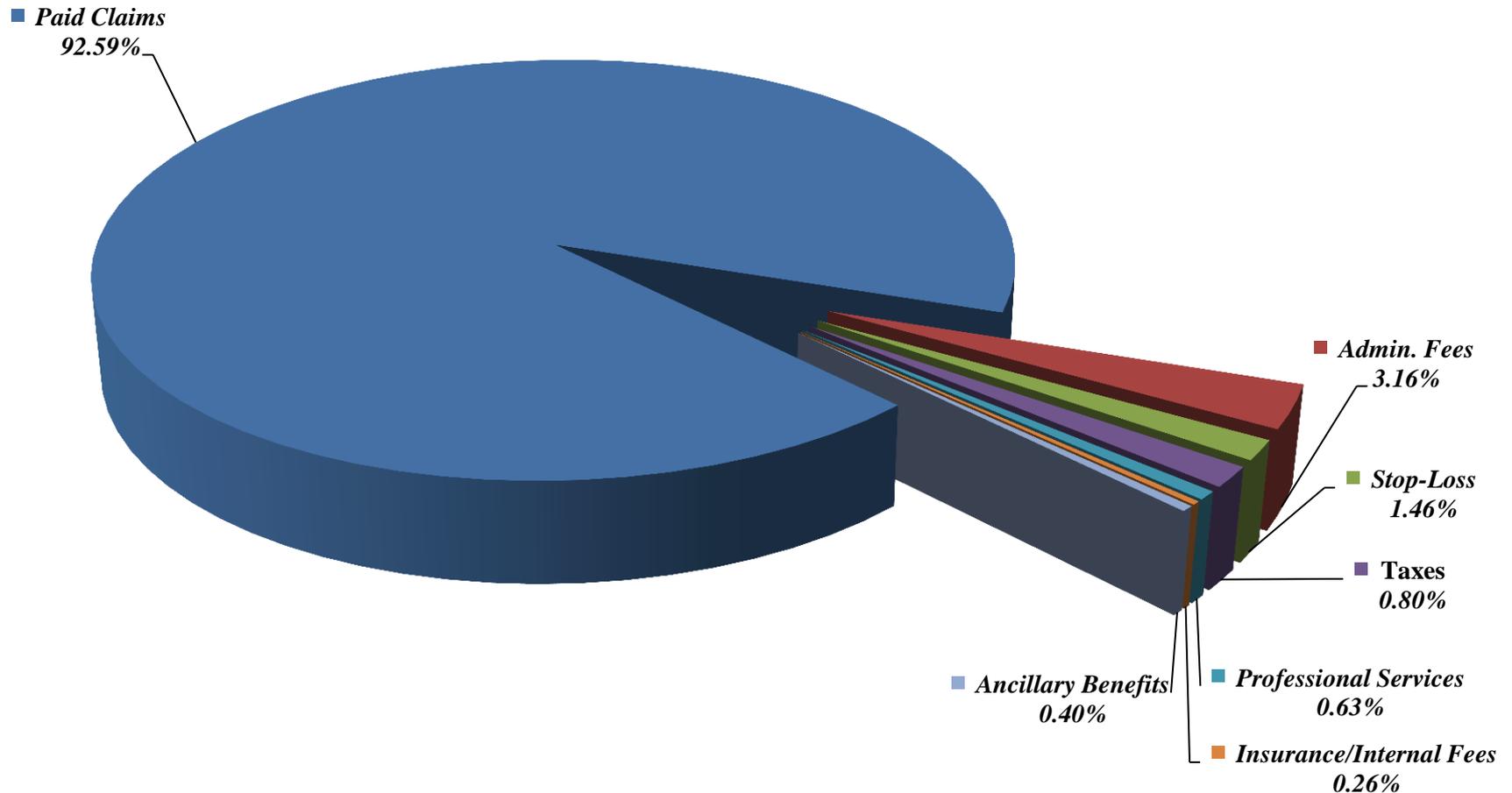
Greater Tompkins County Municipal Health Ins. Consortium
2015 Income Distribution
January 1, 2015 to December 31, 2015



Greater Tompkins County Municipal Health Ins. Consortium

2015 Expense Distribution

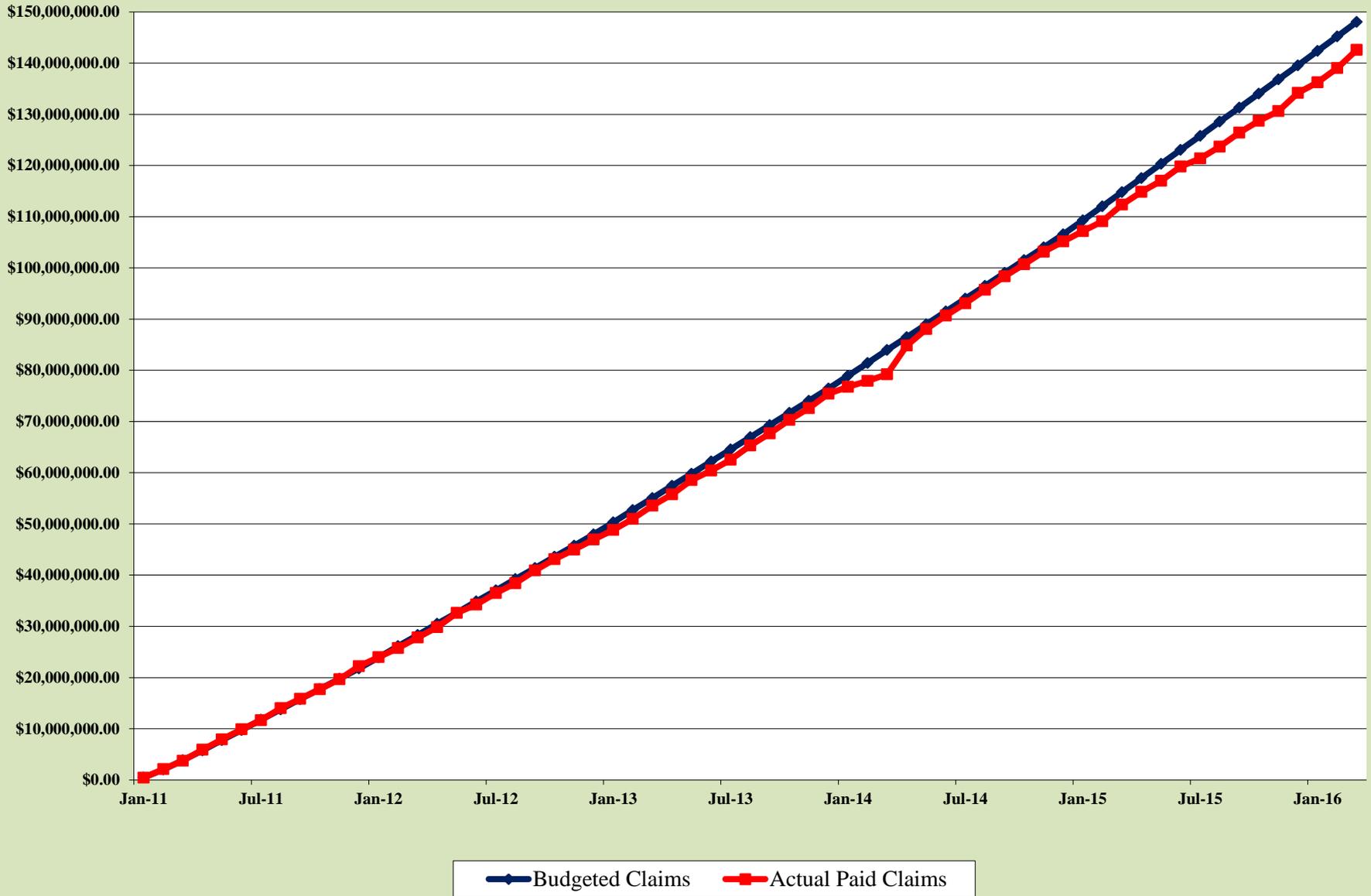
January 1, 2015 to December 31, 2015



Greater Tompkins County Municipal Health Ins Consortium

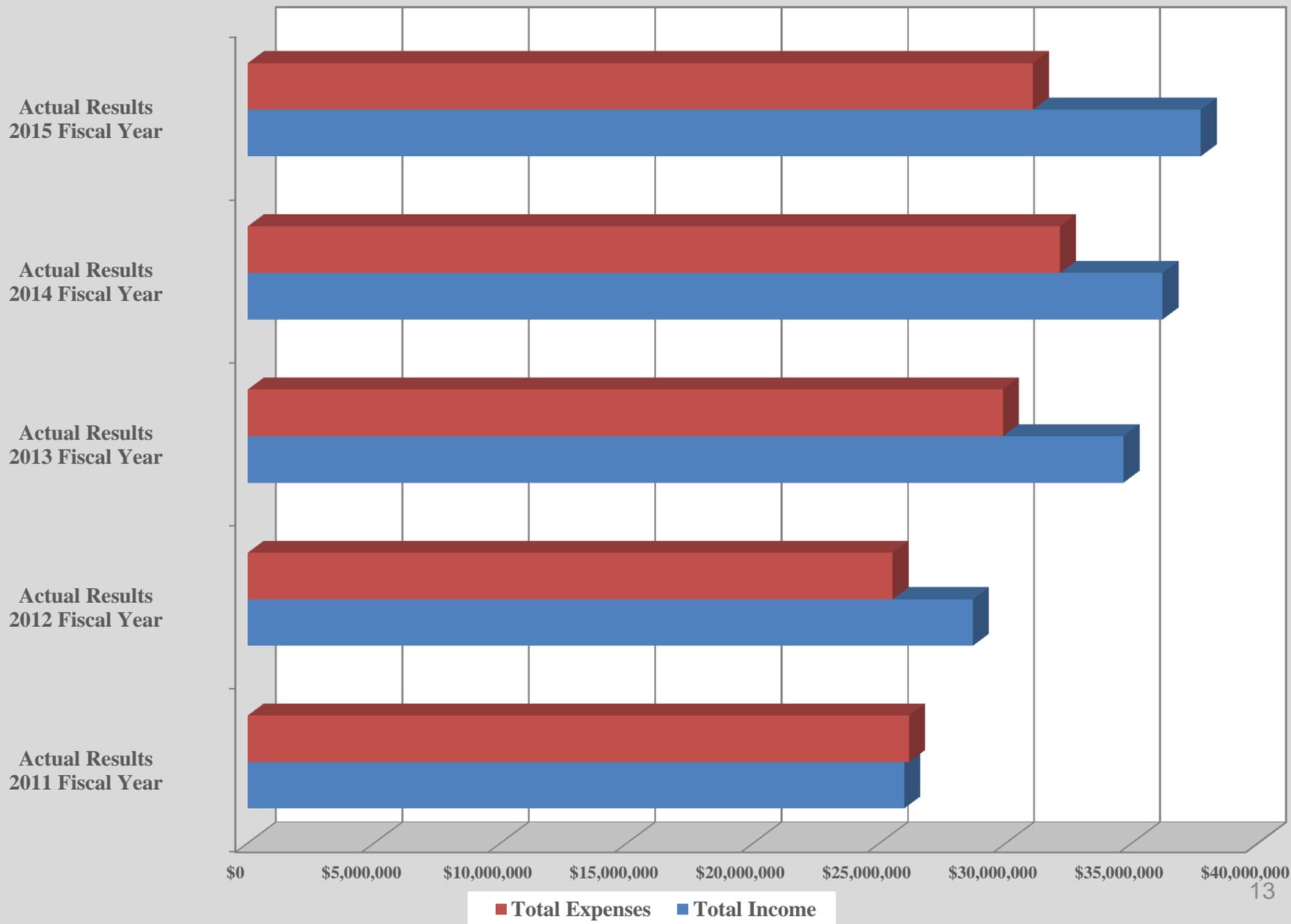
2011-2016 Monthly Paid Claims v Budgeted Claims

January 1, 2011 to March 31, 2016



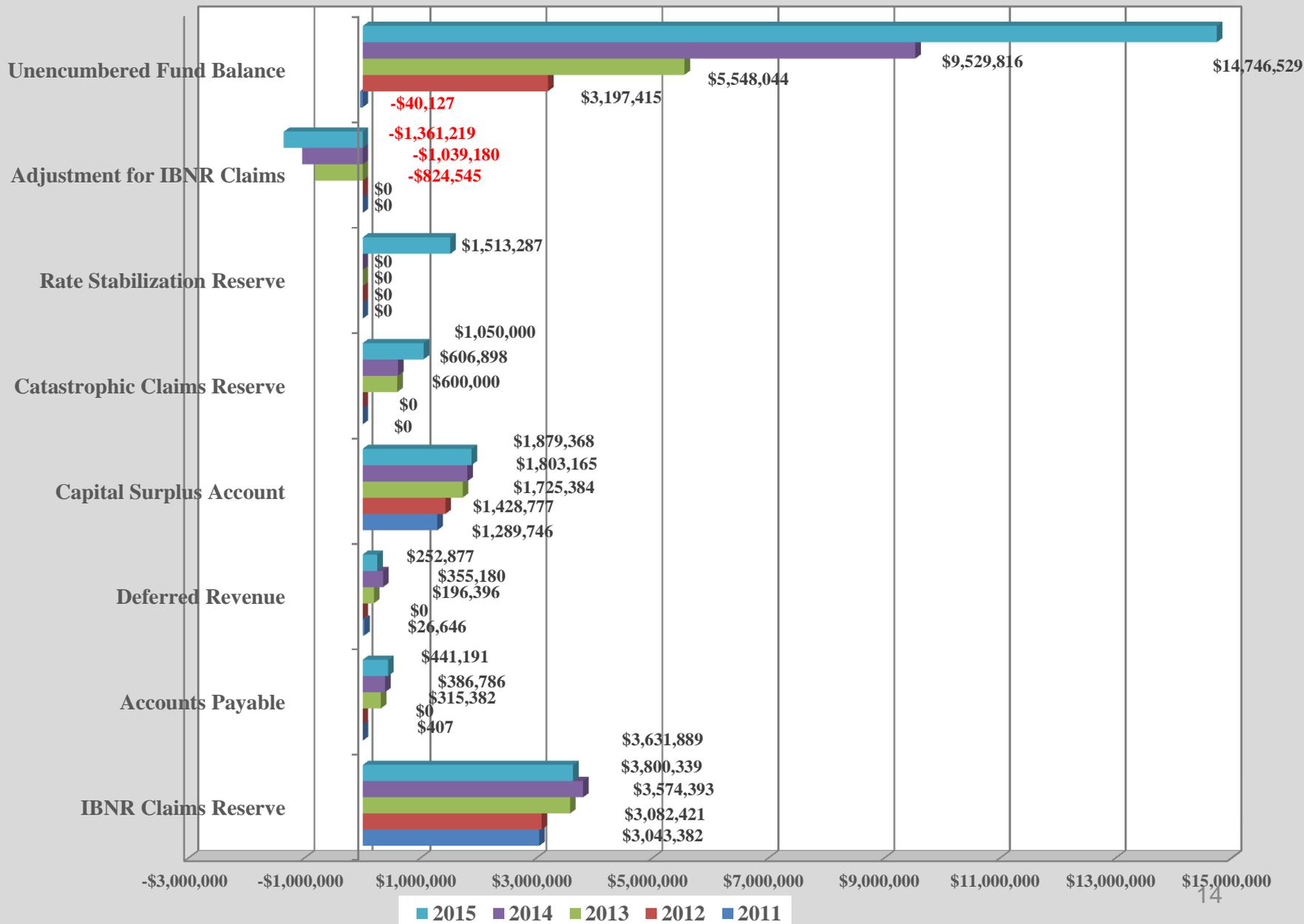
Greater Tompkins County Municipal Health Ins. Consortium

Annual Expenses and Revenues (2011 - 2015)



Greater Tompkins County Municipal Health Ins. Consortium

Net Asset Distribution (2011 - 2015)



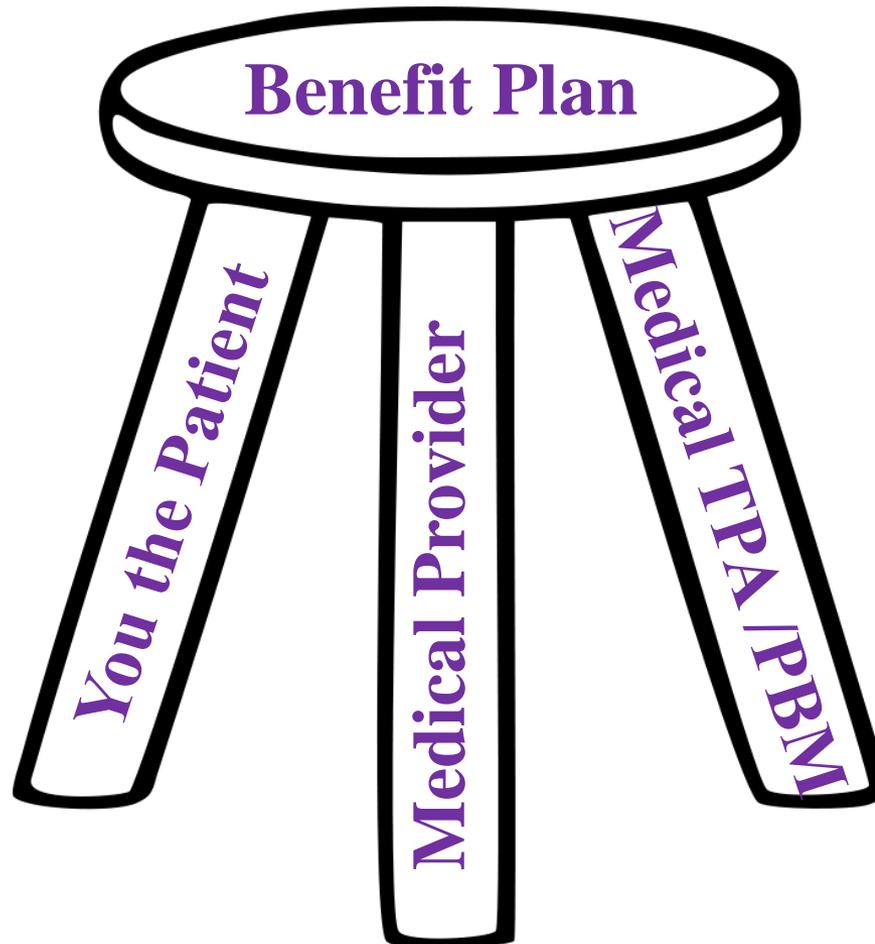
Greater Tompkins County Municipal Health Insurance Consortium

GTCMHIC Budget Income % Increase and Excellus Small Group PPO % Rate Increase

<i>Fiscal Year</i>	<i>Budget Income % Increase (2017-2019 Projected)</i>	<i>Excellus BCBS Small Group PPO Rates % Increase *</i>	<i>Excellus BCBS Administrative Fee</i>	<i>Excellus BCBS Administrative Fee % Increase</i>
<i>2011</i>	9.50%	10.00%	\$28.00	n/a
<i>2012</i>	9.50%	11.50%	\$29.12	4.00%
<i>2013</i>	9.00%	11.90%	\$30.43	4.50%
<i>2014</i>	8.00%	ACA	\$31.80	4.50%
<i>2015</i>	5.00%	12.20%	\$32.60	2.52%
<i>2016</i>	3.00%	7.10%	\$33.58	3.01%
<i>2017</i>	<i>5.00%</i>	TBD	\$34.59	3.01%
<i>2018</i>	<i>5.00%</i>	TBD	TBD	TBD
<i>2019</i>	<i>5.00%</i>	TBD	TBD	TBD
<i>Average Increase</i>	<i>7.33%</i>	<i>10.54%</i>		<i>3.88%</i>

* Data Provided by NYS Dept. of Financial Services Reports for Excellus BCBS Small Group PPO Plans in the Syracuse New York Region.

Working Collaboratively





PART III

Health Insurance Premium Basics

Stephen Locey, Locey & Cahill, LLC

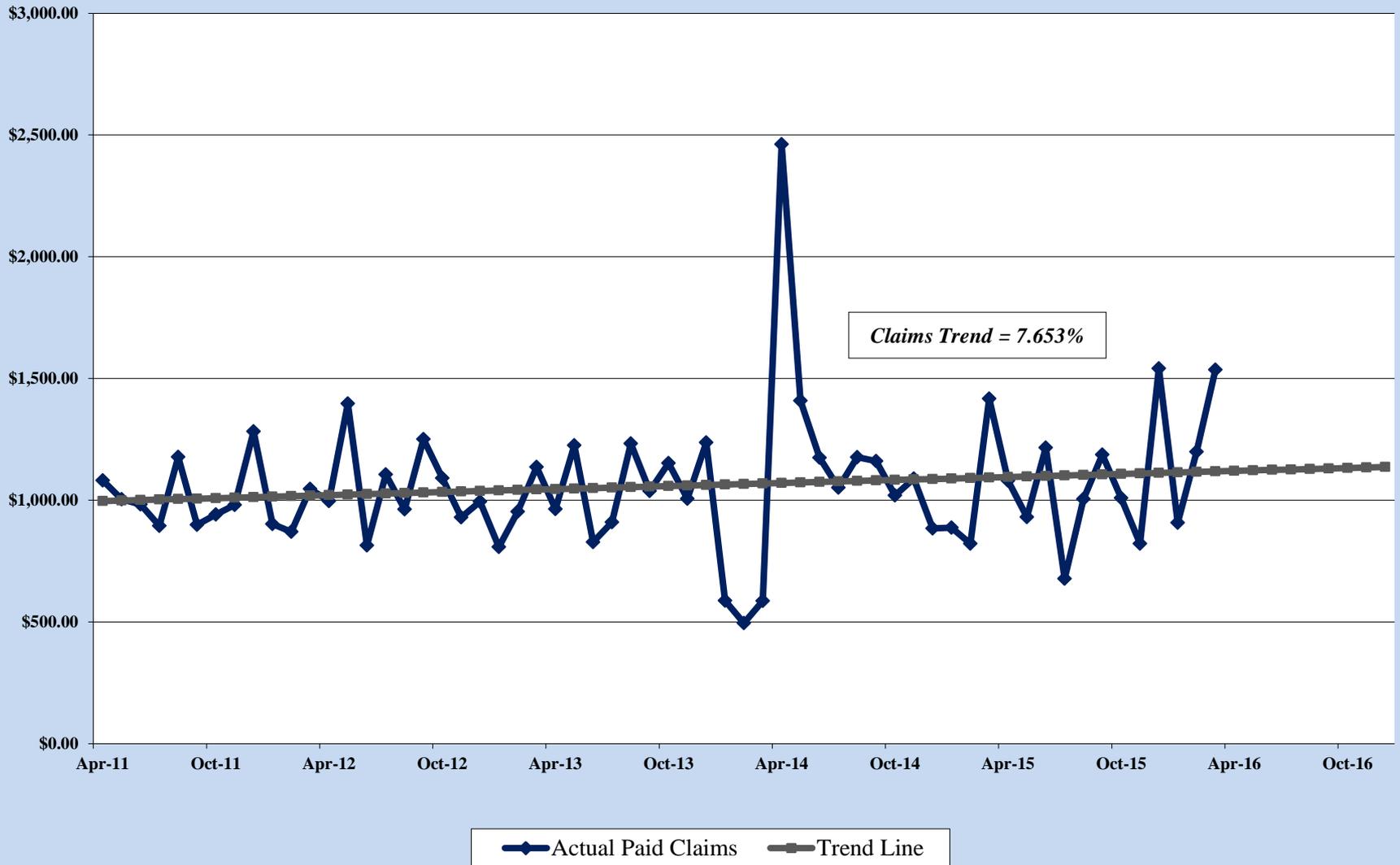
Overview of Plan Expenses

- ❖ Paid Claims (Medical and Rx) = 92.39% of Plan Expenses
- ❖ “Overhead Expenses” = 7.61% of Plan Expenses
 - ❖ Excellus and ProAct Administrative Fees
 - ❖ Accounting, Actuarial, Audit, Consulting, and Legal Fees
 - ❖ Executive Director, Financial, and Support Internal Service Fees
 - ❖ Stop-Loss, Directors & Officers, and Professional Liability Insurance
 - ❖ New York State CLA Tax and Federal ACA Taxes and Fees
 - ❖ Other Services (Flu Clinic) and Miscellaneous Expenses and Fees
- ❖ Liability Adjustments
 - ❖ IBNR Claims Liability Reserve (12% of Expected Incurred Claims)
 - ❖ Capital Surplus Reserve (5% of Expected Earned Premium)

Greater Tompkins County Municipal Health Insurance Consortium

Per Contract Per Month Paid Claims Trend

April 1, 2011 to March 31, 2016



2016 Fiscal Year Expense Budget



❖ Total Estimated Expenses	= \$36,758,040.34
❖ Liability Adjustment	= <u>\$ 524,021.27</u>
❖ Total Revenue Needed	= \$37,282,061.61

Consortium Revenue Sources

2016 Income Sources (Projected)

❖ Premiums	=	\$38,715,009.41
❖ Interest Income	=	\$ 13,000.00
❖ Rx Rebates	=	<u>\$ 265,225.00</u>
❖ Total Income	=	\$38,993,234.41



Premiums = 99.29% of Consortium Revenue

2016 Cost Per Covered Life



Total Estimated Expenses

\$37,300,000.00

Numbered of Covered Lives

5,028

2016 Cost Per Covered Life

\$7,418.46

2016 Mean Monthly Cost Per Life = \$618.20



PART IV

Health Insurance Premium Tiers

Stephen Locey, Locey & Cahill, LLC

Health Insurance Premium Tiers

The Greater Tompkins County Municipal Health Insurance Consortium was established based on a two-tier premium rating system (individual and family). This was done as the major employers (City of Ithaca and the County of Tompkins) along with several of the smaller employers all utilized this premium model. The initial premium rate ratio, which is still in effect today, was set based on the ratio used by Excellus for the County's Plans prior to the formation of the Consortium:

Tier 1 - Individual Rate

Tier 2- Family Rate

(Individual Rate x 2.17)

Sample PPO Medical Rates

<i>PPO Medical Plan Rates</i>					
<i>Plan Code</i>	<i>Medical Plan Benefit Description</i>	<i>In-Network Benefit Parameters</i>	<i>2016 Premium Rates</i>		
		<i>Co-Payment</i>	<i>Individual</i>	<i>Family</i>	<i>Rate Ratio</i>
<i>PPO1</i>	\$10.00 GTCMHIC PPO	\$10.00	\$641.38	\$1,388.24	2.1645
<i>PPO2</i>	\$15.00 GTCMHIC PPO	\$15.00	\$632.40	\$1,368.82	2.1645
<i>PPO3</i>	\$20.00 GTCMHIC PPO	\$20.00	\$620.85	\$1,343.83	2.1645

Premium Tiers – Metal Plans

When the Greater Tompkins County Municipal Health Insurance Consortium adopted the Consortium's Standard Platinum, Gold, Silver, and Bronze Plans, the premium rates were established with a more traditional rate ratio. This rate ratio does vary from the "old-style" Indemnity and PPO Plans found in the Consortium and the rate ratio is as follows:

Tier 1 - Individual Rate

Tier 2- Family Rate

(Individual Rate x 2.60)

Premium Tiers – Cadillac Tax

As many of you are aware, the Patient Protection and Affordable Care Act (ACA) including a provision which established the “Cadillac Tax” for high cost health insurance plans. The premium rate structure which is most optimal to avoid this premium tax is as follows:

Tier 1 - Individual Rate

Tier 2- Family Rate

(Individual Rate x 2.696)

Premium Tiers – ACA/Excellus

The Patient Protection and Affordable Care Act (ACA) also established the Health Insurance Market Place in New York State where insurance companies, like Excellus BlueCross BlueShield may offer community-rated products with the following premium structure:

Tier 1 - Individual Rate

Tier 2 - Member and Spouse = Individual x 2.00

Tier 3 - Member and Child(ren) = Individual x 1.70

Tier 4 - Family Rate = Individual x 2.85

GTCMHIC Demographics

Monthly Average Contract Count by Fiscal Year

<i>Year</i>	<i>Family Contracts</i>	<i>Individual Contracts</i>	<i>Total Members</i>	<i>Avg. # of Lives Per Contract</i>	<i>Avg. # of Lives Per Family</i>
<i>2011</i>	1,172	824	1,995	2.205	3.053
<i>2012</i>	1,182	822	2,004	2.220	3.068
<i>2013</i>	1,375	907	2,281	2.225	3.033
<i>2014</i>	1,330	940	2,270	2.209	3.064
<i>2015</i>	1,319	984	2,303	2.183	3.065
<i>2016</i>	1,327	979	2,306	2.194	3.074

Family Paid Claim Ratio

Medical Claims Paid by Contract Type

<i>Year</i>	<i>Family Medical</i>	<i>Individual Medical</i>	<i>Total Medical</i>
2012	\$12,634.22	\$3,750.71	\$8,989.80
2013	\$13,055.80	\$4,139.90	\$9,512.50
2014	\$13,834.80	\$4,465.54	\$9,954.59
2015	\$12,913.15	\$3,885.87	\$9,054.81
2016	\$3,522.10	\$1,083.62	\$2,487.21

<i>Year</i>	<i>Family Cost Ratio</i>
2012	3.37
2013	3.15
2014	3.10
2015	3.32
2016	3.25

The fact of the matter is that the premium rate ratios between individual, 2-person, and family contracts have very little to do with actual statistical facts. Instead, they are driven by marketing philosophies which require individual plans to subsidize family plans. This is even more evident when looking at 2-person claims experience data.

Sample Calculation

Once you have established the premium rate ratio, the rest of the work to create a mean premium rate for your premium rate tiers is fairly simple.

As an example, if we choose a ratio of 2.60, the formula is:

979 (individual contracts)

+3,450 (1,327 family contracts x 2.60 rounded to nearest whole #)

4,429 ($\$37,300,000 \div 4,429$) $\div 12 = \$701.81$

Individual Rate = \$701.81

Family Rate = \$1,824.71

Budget Math Check

$$\$701.81 \times 979 \times 12 = \$ 8,244,863.88$$

$$\$1,824.71 \times 1,327 \times 12 = \$29,056,682.04$$

$$\text{Premium Total} = \$37,301,154.92$$

$$\text{2016 Budget} = \$37,300,000.00$$

Premium Total is Within 0.003% of Budget



PART V

Premium Rate Differentials

Stephen Locey, Locey & Cahill, LLC

Premium Rate Differentials

- ❖ Who is Covered by the Plan – Risk Pool Composition
- ❖ Projected Increase in Paid Claims and Related Expenses
- ❖ What is the Style of Plan Offered:
 - ❖ Indemnity Plans, PPO Plans, EPO Plans, HMO Plans, HDHP Plans
- ❖ How Much Does the Plan Pay (Actuarial Value)
- ❖ Is the Premium Being Subsidized:
 - ❖ Outside Force Funding (e.g., ACA Federal Subsidy)
 - ❖ “In-House” for Competitive or Marketing Reasons
- ❖ Does Plan Design Change Behavior or Purchase Decisions
- ❖ Does Plan Contain Utilization Review or Managed Care
- ❖ Is Wellness Included in Plan Design

Demographics of the Plan

Who a health insurance plan covers is as important as what a health insurance plan covers.

Employees



Retirees



Spouses



Dependents



Rx Data Example

2015 ProAct, Inc. Report:

Age Group	Eligible Members	Plan Spend / Member	Similar Client Type Plan Spend Per Member
<1 - 19	1,035	\$37.42	\$38.71
20 - 34	914	\$34.42	\$59.35
35 - 49	981	\$141.14	\$141.95
50 - 64	1,373	\$216.69	\$245.75
65+	738	\$275.65	\$397.89

Age 65+ Population

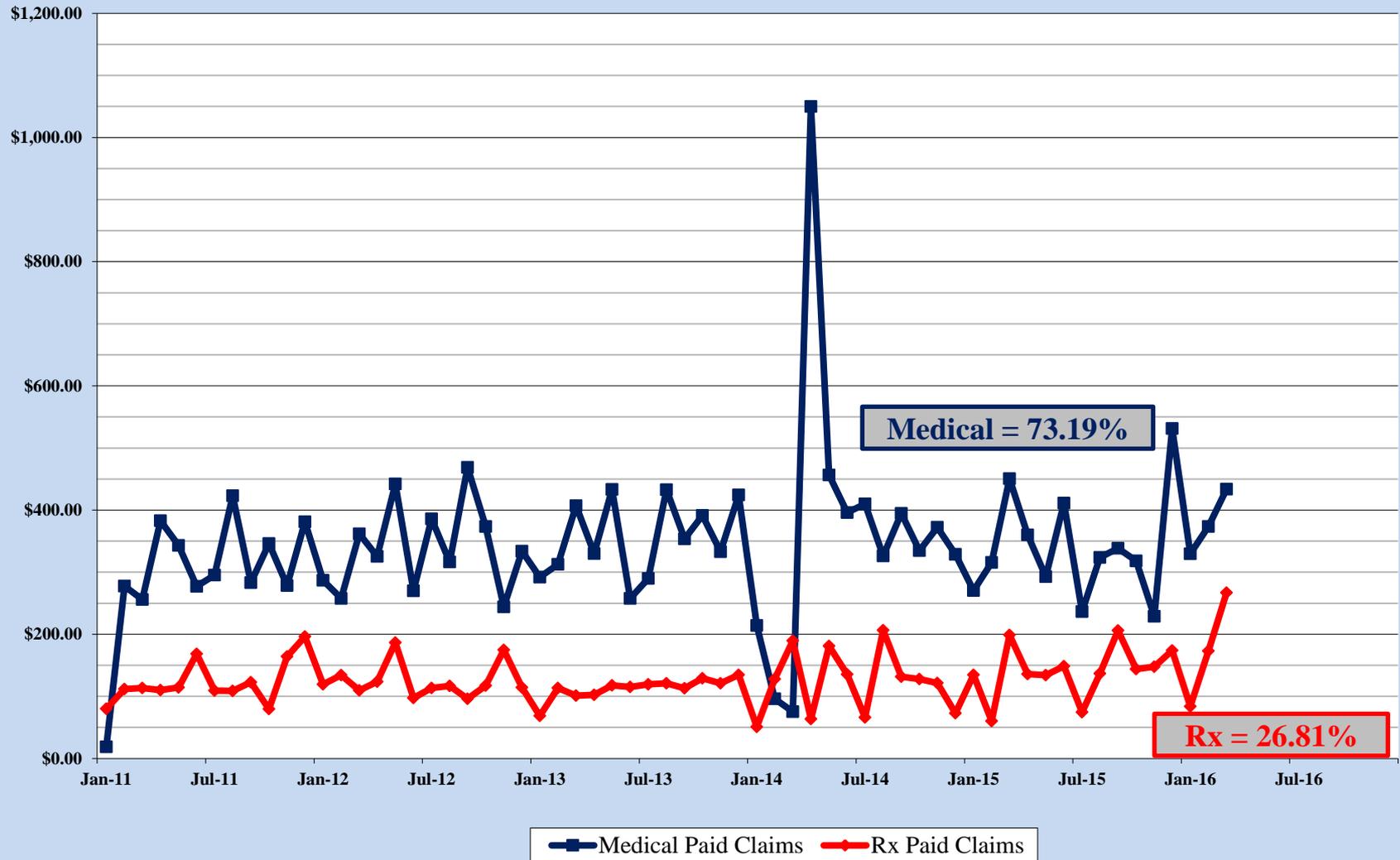
14.64% of Covered Lives

28.67% of Paid Claims

Greater Tompkins County Municipal Health Insurance Consortium

Monthly Paid Claims Per Covered Life

January 1, 2011 to March 31, 2016



Medical & Rx Rates

Once you have established our base premium rates, the next step is to segregate the premium rate between the Medical Plan (hospital, medical, & surgical) Rate and the Prescription Drug (retail and mail-order) Rate.

Rate Description	Individual	Family
Medical Plan (73.2%)	\$513.72	\$1,335.69
Rx Plan (26.8%)	\$188.09	\$489.02
Total Premium	\$701.81	\$1,824.71

Medical Plan Models

- ❖ Indemnity or Traditional Plans
- ❖ Preferred Provider Organization (PPO) Plans
- ❖ Point of Service (POS) Plans
- ❖ Health Maintenance Organization (HMO) Plans
- ❖ High Deductible Health Plans (HDHP)
- ❖ Health Savings Accounts (HSA)
- ❖ Flexible Spending Accounts (FSA)

PPO Plans vs Indemnity Plans

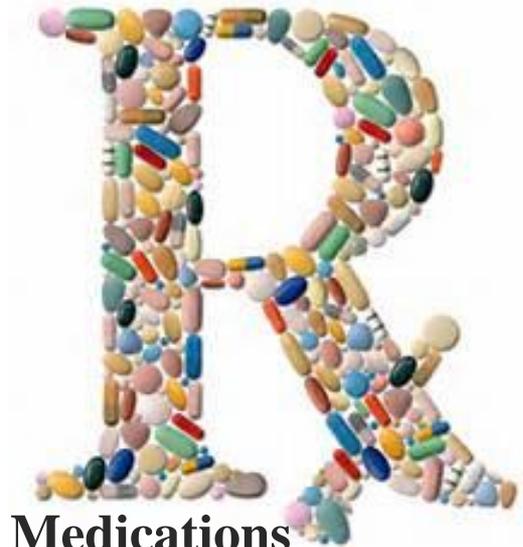
Plan Benefit and Cost Sharing Highlights		Sample PPO Plan		Sample Indemnity Plan	
		In-Network	Out-of-Network	In-Network	Out-of-Network
Deductible	Individual	Not Applicable	\$1,000 Out-of-Network (Medical Only)	\$100 Combined In and Out-of-Network (Medical Only)	
	Family	Not Applicable	\$3,000 Out-of-Network (Medical Only)	\$200 Combined In and Out-of-Network (Medical Only)	
Out-of-Pocket Maximum <small>(Medical Plan Coinsurance and Medical Plan Copayments, Deductible is not included in this amount)</small>	Individual	\$1,000 In-Network (Medical Only)	\$1,000 Out-of-Network (Medical Only)	\$400 Combined In and Out-of Network (Medical Only)	
	Family	\$3,000 In-Network (Medical Only)	\$3,000 Out-of-Network (Medical Only)	\$800 Combined In and Out-of Network (Medical Only)	
Out-of-Pocket Maximum <small>(Rx Plan Copayments)</small>	Individual	\$1,000 Rx Copays Only	Not Applicable	\$1,000 Rx Copays Only	Not Applicable
	Family	\$3,000 Rx Copays Only	Not Applicable	\$3,000 Rx Copays Only	Not Applicable
Primary Care Physician		\$10.00	20% After Deductible	20% After Deductible	20% After Deductible
Specialist Physician		\$10.00	20% After Deductible	20% After Deductible	20% After Deductible
Inpatient Hospital		Covered In Full	20% After Deductible	Covered In Full	0% of Allowed Amount
Lifetime Maximum		Unlimited	Unlimited	Unlimited	Unlimited
2016 Premium Rates		\$641.38	\$1,388.24	\$654.37	\$1,418.31

Sample Medical Plan Variance

The overall premium rate variance for the sample medical plans on the previous slide (\$100 Deductible Indemnity Plan and \$10 PPO Copay Plan) shows the \$100 Deductible Indemnity Plan to be approximately 2% higher in premium costs than the \$10 PPO Plan. This rate variance is primarily the result of the lower out-of-pocket maximum found in the Indemnity Plan (\$400 individual and \$800 family) versus the \$10 PPO Plan (\$1,000 individual and \$3,000 family). However both plans have extremely modest out-of-pocket costs for the overwhelming majority of covered members.

Rx Plan Models

- ❖ **Rx Embedded in Medical Plan (Major Medical)**
- ❖ **2-Tier Rx Models**
 - ❖ **Generic Medications**
 - ❖ **Brand Name Medications**
- ❖ **3-Tier Rx Models**
 - ❖ **Tier 1 – Generic Medications**
 - ❖ **Tier 2 – Preferred Brand Name Medications**
 - ❖ **Tier 3 – Non-Preferred Brand Name Medications**
- ❖ **4-Tier Rx Models**
 - ❖ **Adding a Tier for Specialty Pharmaceuticals**



2-Tier vs 3-Tier

Benefit Description	2-Tier Formulary Plan \$2/\$10 - \$0/\$0	3-Tier Formulary Plan \$5/\$15/\$30 - \$10/\$30/\$60
<p>Co-Payments (per filled prescription)</p> <p>Retail Store – 30 Day Supply Limit Mail-Order – 90 Day Supply Limit</p> <p><i>*Generic Oral Contraceptives \$0 Co-Pay (ACA Mandate – Preventive Services for Women)</i></p>	<p><u>Retail Pharmacy (includes Specialty Rx)</u> Tier 1 Medications - \$2 Tier 2 Medications - \$10 Tier 3 Medications - \$10</p> <p><u>Mail-Order Pharmacy</u> Tier 1 Medications - \$0 Tier 2 Medications - \$0 Tier 3 Medications - \$0</p>	<p><u>Retail Pharmacy (includes Specialty Rx)</u> Tier 1 Medications - \$5 Tier 2 Medications - \$15 Tier 3 Medications - \$30</p> <p><u>Mail-Order Pharmacy</u> Tier 1 Medications - \$10 Tier 2 Medications - \$30 Tier 3 Medications - \$60</p>
Mandatory Use of Specialty Pharmacy	Applicable	Applicable
Generic Advantage Program (GAP) for Maximum Allowable Cost	Not Applicable	Applicable
Generic Trial Program	Applicable	Applicable
Prior Authorization	Not Applicable	Applicable
Step Therapy	Not Applicable	Applicable
Quantity Limits	Not Applicable	Applicable
2016 Premium Rates	I - \$300.13 / F - \$631.58	I - \$204.41 / F - \$443.06

Sample Rx Plan Variance

The overall premium rate variance for the sample prescription drug plans on the previous slide shows the \$2/\$10 Rx Plan to be more than 40% higher in premium costs than the \$5/\$15/\$30 Rx Plan. This rate variance is primarily the result of:

1. Higher Retail Pharmacy Copayments
2. Copayments Added to Mail-Order
3. Increased Incentive to Use Generic Medications
4. Alterations in Consumer Buying Behaviors
5. Added Managed Care Elements





PART VI

Plan Changes Impact on Premium:

Stephen Locey, Locey & Cahill, LLC

Premium Impact of Plan Changes

Although other factors do apply, the level of plan benefit change on premium has to do mainly with the number of people and the number of services affected by the change. As an example, a \$5.00 increase in the generic drug copayment will have more impact than a \$50 increase in the emergency room copayment:

Generic Meds Filled = 61,801 scripts per year x \$5.00 = \$309,005

Emergency Room = 1,169 visits per year x \$50.00 = \$58,450

Rate Impact :

Generic Rx Copay Change = 0.8284%

Emergency Room Copay Change = 0.1567%

Rate Impact Factors

- ❖ Overall Plan Style vs Line Item Changes
- ❖ How Many People are Affected
- ❖ How Many Services or Items are Affected
- ❖ Does the Change Alter Buying Patterns
- ❖ Cost Variance for Different Service Levels
- ❖ Utilization or Case Management Oversight
- ❖ Short-Term vs Long-Term Impact

Sample Medical Benefit Change

Increase Emergency Room Copayment

Factors for Consideration:

- ❖ Current Benefit = Paid in Full
- ❖ Proposed Benefit = \$100 copayment
- ❖ Number of Services = 1,000
- ❖ Utilization Impact = 10% Less ER Visits
 - ❖ 5% go to Physician Office and 5% go to Urgent Care Center
- ❖ ER Visit Average Cost = \$1,600
- ❖ Urgent Care Visit Average Cost = \$260
- ❖ Office Visit Average Cost = \$120

Sample Medical Benefit Change

Premium Rate Adjustment Computation:

$$1,000 \times .90 = 900 \times \$100 = \$90,000$$

$$1,000 \times .05 = 50 \times (\$1,600 - \$260) = \$67,000$$

$$1,000 \times .05 = 50 \times (\$1,600 - \$120) = \$74,000$$

$$\text{Total Cost Reduction} = \$231,000.00$$

Medical Premium:

$$\$37,301,154.92 \times .732 = \$27,304,445.40$$

Medical Premium Adjustment Factor:

$$\$231,000.00 \div \$27,304,445.40 = 0.00846 \text{ (.846\% Premium Reduction)}$$

Sample Rx Benefit Change

Increase Generic and Brand Name Copayments

Factors for Consideration:

- ❖ Current Benefit = \$5/\$15/\$30
- ❖ Proposed Benefit = \$10/\$25/\$40
- ❖ Number of Prescriptions:
 - ❖ 62,000 Tier 1, 10,000 Tier 2, and 4,200 Tier 3
- ❖ Average Cost Per Prescription
 - ❖ \$30.27 Tier 1, \$326.62 Tier 2, \$801.32 Tier 3 (w/ Specialty Rx)
- ❖ Utilization Impact:
 - ❖ Tier 3 ↓ 300 Prescriptions (200 to Tier 1 and 100 to Tier 2)
 - ❖ Tier 2 ↓ 500 Prescriptions (all 500 to Tier 1)

Sample Medical Benefit Change

Premium Rate Adjustment Computation:

$$\text{Tier 1 Copay: } 62,000 \times \$ 5.00 = \$310,000$$

$$\text{Tier 2 Copay: } 9,600 \times \$10.00 = \$ 96,000$$

$$\text{Tier 3 Copay: } 3,900 \times \$10.00 = \$ 39,000$$

$$\text{Tier 3 to Tier 1: } 200 \times (\$25.00 + \$771.05) = \$159,210$$

$$\text{Tier 3 to Tier 2: } 100 \times (\$15.00 + \$474.70) = \$ 48,940$$

$$\text{Tier 2 to Tier 1: } 500 \times (\$10.00 + \$296.35) = \$153,175$$

Total Cost Reduction = \$806,325

Rx Premium:

$$\$37,301,154.92 \times .278 = \$10,369,721.07$$

Rx Premium Adjustment Factor:

$$\$806,325 \div \$10,369,721.07 = 0.07758 \text{ (7.758\% Premium Reduction)}$$

Cost Impact of Blue4U Wellness

Aggressive Marketing Campaign of Wellness with Incentives

- ❖ Known Cost is \$150.00 per utilizing member:
 - ❖ Assumes 30% utilization in both individual and family contracts
 - ❖ $\$150 \times 1 \text{ Covered Life} = \$150 \div 12 = \$12.50 \times .30 = \3.75
 - ❖ $\$150 \times 3 \text{ Covered Lives} = \$450 \div 12 = \$37.50 \times .30 = \11.25

- ❖ Cost Impact on Illustrative Premiums
 - ❖ Individual Premium = \$701.81
 - ❖ Individual Premium Impact: \$3.75 per contract per month (0.5343%)
 - ❖ Family Premium = \$1,824.71
 - ❖ Family Premium Impact: \$11.25 per contract per month (0.6165%)

Cost Impact of Blue4U Wellness

Voluntary Wellness Plan with no Incentives and Light Marketing

- ❖ Known Cost is \$150.00 per utilizing member:
 - ❖ Assumes 10% utilization in both individual and family contracts
 - ❖ $\$150 \times 1 \text{ Covered Life} = \$150 \div 12 = \$12.50 \times .10 = \1.25
 - ❖ $\$150 \times 3 \text{ Covered Lives} = \$450 \div 12 = \$37.50 \times .10 = \3.75

- ❖ Cost Impact on Illustrative Premiums
 - ❖ Individual Premium = \$701.81
 - ❖ Individual Premium Impact: \$1.25 per contract per month (0.1781%)
 - ❖ Family Premium = \$1,824.71
 - ❖ Family Premium Impact: \$3.75 per contract per month (0.2055%)

Cost Impact of Blue4U Wellness

- ❖ Intuitively Wellness Makes Sense for People and Plan
- ❖ Immediate Benefit Difficult to Quantify
- ❖ Long-Term Effect Will Not be Known for Sometime
- ❖ Reported Return on Investment is Substantive
 - ❖ Lower Overall Medical and Prescription Drug Claims
 - ❖ Less Worker Absenteeism
 - ❖ Increase Worker Production
 - ❖ Lower Disability and Workers' Compensation Claims
- ❖ Excellus' Premium Differential Equals .5% to 3%
 - ❖ Factors Include Group Size and Group Incentive Programs



PART VII

Mandatory Benefits:

Stephen Locey, Locey & Cahill, LLC

NYS Minimum Benefits

In New York State, the New York State Department of Financial Services regulates health insurance plans to ensure the benefits provided are consistent with the Codes, Rules and Regulation of the State of New York (CCR-NY) for insurance products. In the following, we have provided the actual language as it currently appears in the CCR-NY which forms the basic requirements for all health insurance plans in New York State. Many of these provisions have been augmented through mandated benefit changes either on a Federal or State Level. However, this language should provide an understanding of how health insurance has improved over the years, many times without the need for collectively bargaining the changes.

1. Basic Hospital Insurance (11 CRR-NY 52.5)
2. Basic Medical Insurance (11 CRR-NY 52.6)
3. Major Medical Insurance (11 CRR-NY 52.7)

ACA Minimum Essential Benefits

ACA required the Secretary of the United States Department of Health & Human Services to specify the “essential health benefits” (EHB) to be included in the “essential health benefits package.” Starting in 2014, the EHB are required to be included in all Qualified Health Plans (QHPs). EHB is defined in Section 1302(b) of the Patient Protection and Affordable Care Act and includes at least the following general categories of benefit:

- Ambulatory patient services
- Emergency services
- Hospitalization
- Maternity and newborn care
- Mental health and substance use disorder services, including behavioral health treatment
- Prescription drugs
- Rehabilitative and habilitative services and devices
- Laboratory services
- Preventive and wellness and chronic disease management
- Pediatric services, including oral and vision care.

State and Federal Mandates



- ❖ 1993 to 2003
 - ❖ 30 New Benefit Mandates
- ❖ 2003 to 2013
 - ❖ 51 New Benefit Mandates
 - ❖ 2010 PPACA Added

Legislative changes to health insurance are mandated changes which occur without Consortium approval. In addition, these changes are made outside of the collective bargaining environment without labor or management consideration or approval.

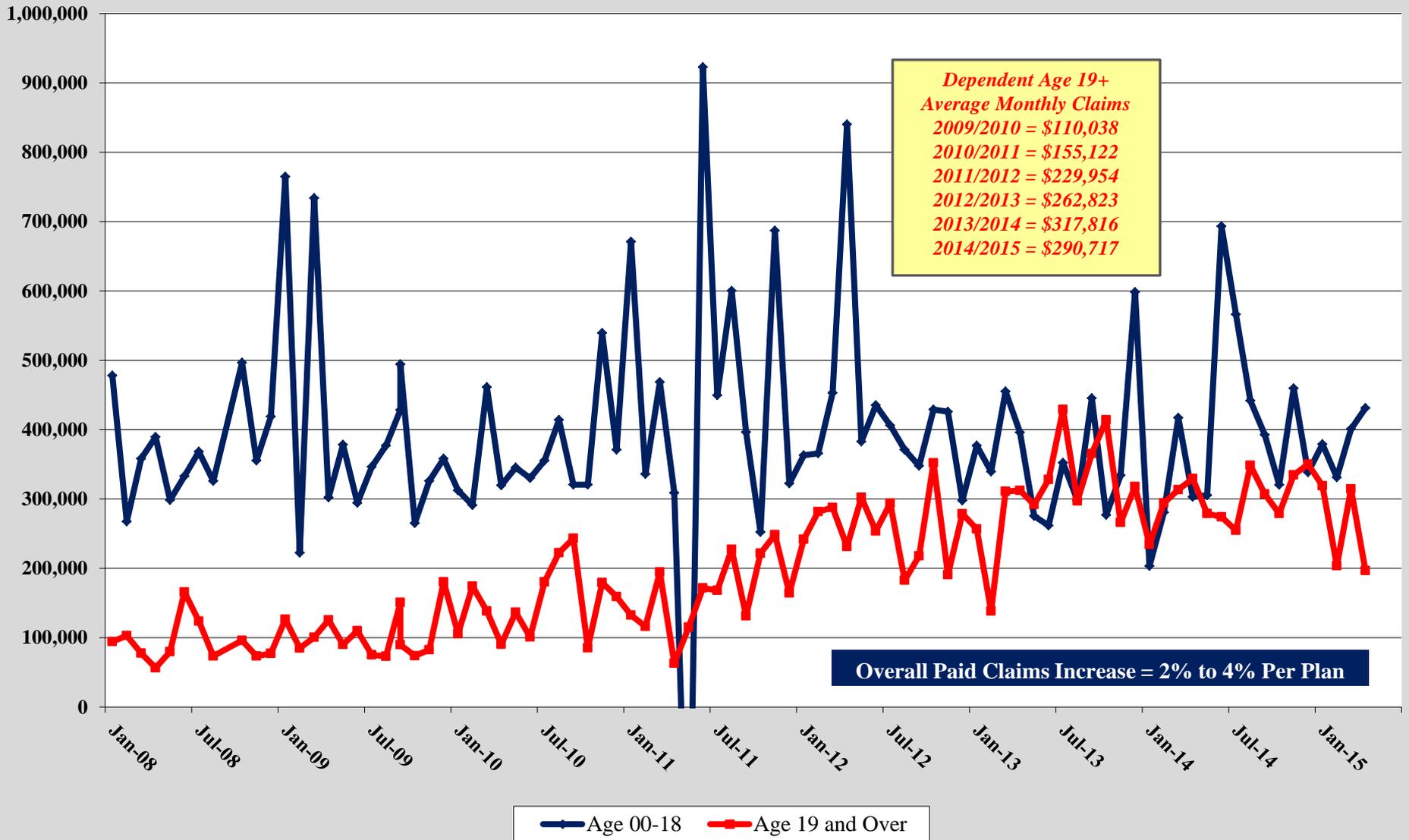
Government Mandate Highlights

- ❖ Well Child Visits
- ❖ Routine Cervical Cancer Screenings
- ❖ Mental Health Parity Act
- ❖ Diabetic Treatment
- ❖ Chiropractic Care Coverage
- ❖ Adopted Newborn Coverage from Birth
- ❖ Breast Reconstruction
- ❖ Oral Contraceptives
- ❖ Prostrate Cancer Screenings
- ❖ Exclusions
- ❖ Annual Routine Physical and Adult Immunizations
- ❖ Bone Density Treatment
- ❖ Chemical Dependency for inpatient and outpatient
- ❖ Contraceptives Drugs & Devices
- ❖ NYS Dependent to age 29
- ❖ HCR Dependents to 26
- ❖ NYS Same Sex Marriage
- ❖ Timothy's Law
(Mental Health Parity)
- ❖ Removal of Annual Maximums

CEWW Schools Health Insurance Consortium

Monthly Paid Claims - Dependents

January 2008 to April 2015



What Can Be Excluded?

- ❖ Aviation
- ❖ Convalescent and Custodial Care
- ❖ Cosmetic Services
- ❖ Coverage Outside of the US, Canada, or Mexico
- ❖ Dental Services
- ❖ Experimental or Investigational Treatment
- ❖ Felony Participation
- ❖ Foot Care
- ❖ Government Facility
- ❖ Not Medically Necessary
- ❖ Military Service
- ❖ No-Fault Automobile Insurance
- ❖ Services Not Listed
- ❖ Services Provided by a Family Member
- ❖ Services Separately Billed by a Hospital Employees
- ❖ Services with No Charge
- ❖ Vision Services
- ❖ War
- ❖ Worker's Compensation



PART VIII

ACA Metal Level Plans

Stephen Locey, Locey & Cahill, LLC

“ACA Metal Level Plans”

Levels of Coverage:

The Affordable Care Act contains language which defines the Actuarial Value (AV) of a health insurance plan’s coverage based on the percent of health care expenses covered by the plan for a typical population. Health insurance plans will be placed into four categories based on their Actuarial Value (AV):

- ❖ Platinum Plan Models Actuarial Value (AV) = 90%
- ❖ Gold Plan Models Actuarial Value (AV) = 80%
- ❖ Silver Plan Models Actuarial Value (AV) = 70%
- ❖ Bronze Plan Models Actuarial Value (AV) = 60%

It should be noted that the most common plan models found in the Health Insurance Exchanges are PPO Style Plans and High Deductible Health Plans.

ACA 2016 Mandated Limits

- ❖ Maximum Annual Deductible = \$6,550 Ind. / \$13,100 Fam.
- ❖ Maximum Annual Out-of-Pocket = \$6,550 Ind. / \$13,100 Fam.
- ❖ No Annual Limit on Essential Health Benefits
- ❖ No Lifetime Limit on Essential Health Benefits



The above maximums and limits must include all out-of-pocket expenses such as deductibles, coinsurance amounts, and copayments for the hospital, medical, surgical, and pharmacy benefits. This maximums and limits do not include any costs related to out-of-network provider billings and/or the cost for any non-covered services or products.

Member's Share of the Costs



- ❖ Annual Deductibles
- ❖ Coinsurance Amounts (e.g., 20%)
- ❖ Medical Copay Amounts (e.g., \$15.00)
- ❖ Rx Copay Amounts (e.g., \$5/\$20/\$40)

- ❖ Out-of-Pocket Maximums
- ❖ Out-of-Network Provider Balance Bills
- ❖ Non-Covered Products or Services



Calculate

- Use Integrated Medical and Drug Deductible?
- Apply Inpatient Copay per Day?
- Apply Skilled Nursing Facility Copay per Day?
- Use Separate OOP Maximum for Medical and Drug Spending?
- Indicate if Plan Meets CSR Standard?

Desired Metal Tier Gold ▾

HSA/HRA Options		Narrow Network Options	
HSA/HRA Employer Contribution?	<input type="checkbox"/>	Blended Network/POS Plan?	<input type="checkbox"/>
Annual Contribution Amount:		1st Tier Utilization:	
		2nd Tier Utilization:	

- Deductible (\$)
- Coinsurance (% , Insurer's Cost Share)
- OOP Maximum (\$)
- OOP Maximum if Separate (\$)

Tier 1 Plan Benefit Design		
Medical	Drug	Combined
		\$500.00
		80.00%
		\$3,000.00

Tier 2 Plan Benefit Design		
Medical	Drug	Combined
		\$500.00
		60.00%
		\$3,000.00

[Click Here for Important Instructions](#)

Type of Benefit	Tier 1				Tier 2			
	Subject to Deductible?	Subject to Coinsurance?	Coinsurance, if different	Copay, if separate	Subject to Deductible?	Subject to Coinsurance?	Coinsurance, if different	Copay, if separate
Medical	<input checked="" type="checkbox"/> All	<input type="checkbox"/> All			<input checked="" type="checkbox"/> All	<input checked="" type="checkbox"/> All		
Emergency Room Services	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$250.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
All Inpatient Hospital Services (inc. MHSA)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Primary Care Visit to Treat an Injury or Illness (exc. Preventive, and X-rays)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$25.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Specialist Visit	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$40.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Mental/Behavioral Health and Substance Abuse Disorder Outpatient Services	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$40.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Imaging (CT/PET Scans, MRIs)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$40.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Rehabilitative Speech Therapy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$40.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Rehabilitative Occupational and Rehabilitative Physical Therapy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$40.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Preventive Care/Screening/Immunization	<input type="checkbox"/>	<input type="checkbox"/>	100%	\$0.00	<input type="checkbox"/>	<input type="checkbox"/>	100%	\$0.00
Laboratory Outpatient and Professional Services	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$0.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
X-rays and Diagnostic Imaging	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$40.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Skilled Nursing Facility	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$250.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Outpatient Facility Fee (e.g., Ambulatory Surgery Center)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Outpatient Surgery Physician/Surgical Services	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Drugs	<input checked="" type="checkbox"/> All	<input type="checkbox"/> All			<input checked="" type="checkbox"/> All	<input checked="" type="checkbox"/> All		
Generics	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$5.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Preferred Brand Drugs	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$35.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Non-Preferred Brand Drugs	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$70.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Specialty Drugs (i.e. high-cost)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$70.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		

Options for Additional Benefit Design Limits:

Set a Maximum on Specialty Rx Coinsurance Payments? <input type="checkbox"/>
Specialty Rx Coinsurance Maximum:
Set a Maximum Number of Days for Charging an IP Copay? <input type="checkbox"/>
Days (1-10):
Begin Primary Care Cost-Sharing After a Set Number of Visits? <input type="checkbox"/>
Visits (1-10):
Begin Primary Care Deductible/Coinsurance After a Set Number of Copays? <input type="checkbox"/>
Copays (1-10):

Output

Calculate

Status/Error Messages:

Error: Result is outside of +/- 2 percent de minimis variation.

Actuarial Value:

82.4%

Metal Tier:

User Inputs for Plan Parameters

- Use Integrated Medical and Drug Deductible?
- Apply Inpatient Copay per Day?
- Apply Skilled Nursing Facility Copay per Day?
- Use Separate OOP Maximum for Medical and Drug Spending?
- Indicate if Plan Meets CSR Standard?
- Desired Metal Tier Platinum

HSA/HRA Options		Narrow Network Options	
HSA/HRA Employer Contribution?	<input type="checkbox"/>	Blended Network/POS Plan?	<input type="checkbox"/>
Annual Contribution Amount:		1st Tier Utilization:	
		2nd Tier Utilization:	

Tier 1 Plan Benefit Design		
Medical	Drug	Combined
Deductible (\$)		\$100.00
Coinsurance (% , Insurer's Cost Share)		80.00%
OOP Maximum (\$)		\$400.00
OOP Maximum if Separate (\$)		

Tier 2 Plan Benefit Design		
Medical	Drug	Combined
Deductible (\$)		\$100.00
Coinsurance (% , Insurer's Cost Share)		80.00%
OOP Maximum (\$)		\$400.00
OOP Maximum if Separate (\$)		

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Type of Benefit	Tier 1				Tier 2			
	Subject to Deductible?	Subject to Coinsurance?	Coinsurance, if different	Copay, if separate	Subject to Deductible?	Subject to Coinsurance?	Coinsurance, if different	Copay, if separate
Medical	<input checked="" type="checkbox"/> All	<input type="checkbox"/> All			<input checked="" type="checkbox"/> All	<input checked="" type="checkbox"/> All		
Emergency Room Services	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$0.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
All Inpatient Hospital Services (inc. MHSA)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$0.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Primary Care Visit to Treat an Injury or Illness (exc. Preventive, and X-rays)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$0.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Specialist Visit	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Mental/Behavioral Health and Substance Abuse Disorder Outpatient Services	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Imaging (CT/PET Scans, MRIs)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$0.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Rehabilitative Speech Therapy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Rehabilitative Occupational and Rehabilitative Physical Therapy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Preventive Care/Screening/Immunization	<input type="checkbox"/>	<input type="checkbox"/>	100%	\$0.00	<input type="checkbox"/>	<input type="checkbox"/>	100%	\$0.00
Laboratory Outpatient and Professional Services	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$0.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
X-rays and Diagnostic Imaging	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$0.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Skilled Nursing Facility	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$0.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Outpatient Facility Fee (e.g., Ambulatory Surgery Center)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Outpatient Surgery Physician/Surgical Services	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Drugs	<input checked="" type="checkbox"/> All	<input type="checkbox"/> All			<input checked="" type="checkbox"/> All	<input checked="" type="checkbox"/> All		
Generics	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$5.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Preferred Brand Drugs	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$20.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Non-Preferred Brand Drugs	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$35.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Specialty Drugs (i.e. high-cost)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$35.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		

Options for Additional Benefit Design Limits:

Set a Maximum on Specialty Rx Coinsurance Payments? <input type="checkbox"/>
Specialty Rx Coinsurance Maximum:
Set a Maximum Number of Days for Charging an IP Copay? <input type="checkbox"/>
Days (1-10):
Begin Primary Care Cost-Sharing After a Set Number of Visits? <input type="checkbox"/>
Visits (1-10):
Begin Primary Care Deductible/Coinsurance After a Set Number of Copays? <input type="checkbox"/>
Copays (1-10):

Output

Calculate

Status/Error Messages:

Error: Result is outside of +/- 2 percent de minimis variation.

Actuarial Value:

95.2%

Metal Tier:

Maintaining a Plan's AV

- ❖ The GTCMHIC established the following process to ensure the Standard Metal Level Plans maintain an Actuarial Value (AV) as defined by the Patient Protection and Affordable Care Act (ACA) equal to an overall plan benefit for the average participant of 90% for the Platinum Plan, 80% for the Gold Plan, 70% for the Silver Plan, and 60% for the Bronze Plan:
 1. Changes to the benefits provided by the Metal Level Plans will occur no more frequently than once a year with said benefit changes being effective on January 1st of the year following the adoption of the said benefit change.
 2. Changes to the benefits provided by the Metal Level Plans will be approved by the GTCMHIC's Board of Directors on or before November 1st of each year provided the benefit changes maintain the Actuarial Value of the plan in question as defined in Resolution No. 001-2014.

Maintaining a Plan's AV (continued)

3. Changes to the benefits provided by the Metal Level Plans will be communicated to the affected members no later than December 1st of each year.
4. The GTCMHIC will adhere to the following definition of the Actuarial Value of each plan.

The Greater Tompkins County Municipal Health Insurance Consortium Standard ACA Metal Level Plans will have an Actuarial Value (AV) as defined by the Patient Protection and Affordable Care Act (ACA) equal to an overall plan benefit for the average participant of 90% for the Platinum Plan, 80% for the Gold Plan, 70% for the Silver Plan, and 60% for the Bronze Plan.

Maintaining a Plan's AV (continued)

Said AV will be calculated annually using the AV Calculator developed by the Centers for Medicare & Medicaid Services (CMS) Center for Consumer Information & Insurance Oversight (CCIIO) which was implemented in accordance with the Patient Protection and Affordable Care Act. If such calculator is no longer available or in use, the GTCMHIC will have an independent Actuary develop the AV of the health insurance plan on an annual basis. In either case, it is the intent that the result will represent an empirical estimate of the AV calculated in a manner that provides a close approximation to the actual average spending by a wide range of consumers in a standard population and that said AV will be equal to 90% for the Platinum Plan, 80% for the Gold Plan, 70% for the Silver Plan, and 60% for the Bronze Plan within an acceptable deviation of + or – 2%

GTCMHIC Platinum Plan AV

- ❖ Per Excellus BCBS Current AV = 92.60%
- ❖ Locey & Cahill, LLC is Working with Excellus to Verify AV
- ❖ Platinum Plan AV Acceptable Range = 88.0% to 92.0%
- ❖ For 2017 the AV for the Platinum Plan Must be Reduced by:
 - ❖ a Minimum of 0.60% to Achieve an AV of 92.0%
 - ❖ a Maximum of 4.60% to Achieve an AV of 88.0%
- ❖ Process is Ongoing with Recommendations Due at the Next Joint Committee on Plan Structure and Design Meeting

Greater Tompkins County Municipal Health Insurance Consortium

2017 Platinum Plan Benefit Options with AV Impact

Option #	Option Description	AV Impact
1	Increase PCP Copay from \$15 to \$25	-1.61%
	Increase Specialist Copay from \$25 to \$40	
2	Increase OOP Maximum from \$2,000 to \$3,000	-2.09%
	Change Diagnostic Lab from 100% Covered to \$25 Copay	
3	Change Diagnostic Lab from 100% Covered to \$25 Copay	-1.55%
4	Increase OOP Maximum from \$2,000 to \$3,000	-1.88%
	Change Diagnostic Lab from 100% Covered to \$25 Copay	
5	Increase PCP Copay from \$15 to \$25	-2.17%
	Increase Specialist Copay from \$25 to \$40	
	Increase OOP Maximum from \$2,000 to \$3,000	
6	Increase PCP Copay from \$15 to \$25	-3.82%
	Increase Specialist Copay from \$25 to \$40	
	Change Diagnostic Lab from 100% Covered to \$40 Copay	
7 (Excellus BCBS SimplyBlue Plus Platinum Plan 3)	Increase PCP Copay from \$15 to \$25	-2.42%
	Increase Specialist Copay from \$25 to \$40	
	Change Diagnostic Lab from 100% Covered to \$25 Copay	
	Change Rx From \$10/\$30/\$50 to \$5/\$25/\$50	



PART IX

Wellness Programs:

Don Barber, GTCMHIC Executive Director

Wellness Programs Work for Individuals and the Collective

- ❖ Healthy patients are happy, able to do more recreational activities for longer periods, and recover from injury and illness faster
- ❖ Many diseases are preventable with early diagnosis like glucose, blood pressure, cholesterol, and body mass index.
- ❖ Becoming aware of your numbers and making life style choices to lower your risk will keep you out of the hospital and with your family, lower your costs of care and lower the Consortium's share of your cost of care.

Wellness & GTCMHIC Metal Plans

Wellness is a benefit component of all the GTCMHIC Standard Metal Level Plans (Platinum, Gold, Silver, and Bronze) and could be added to current plans.



The GTCMHIC
OYOH Committee
Welcomes Your
Ideas and Thoughts.



PART X

Summation and Q&A Period:
Don Barber, GTCMHIC Executive Director

